1 Executive Summary

Team CGI-AMS is pleased to present our proposal for the Virginia Enterprise Applications Architecture (VEAA) Initiative, a seven-year transformation program that will advance the Commonwealth's status as the best managed state in the nation.

In a public-private partnership with the Commonwealth, Team CGI-AMS will deliver:

- **Consolidated and modernized business processes and enterprise applications for the core administrative business functions of the Virginia government enterprise**

- **Enterprise Application Service Bureaus to provide ongoing operational support**

- **An Application Management Center of Excellence to serve and manage the new enterprise applications replacing existing legacy and silo-based applications**

This program is conservatively anticipated to generate over $500 million in revenues, enough to entirely fund the Initiative and deliver millions of dollars of new revenue for other public priorities. These funds are in addition to the estimated $125 million in operational savings and economies that this Initiative will deliver.

The Commonwealth of Virginia is a leader among the states in the use of information technology and in continuous government improvement.

Virginia has been consistently recognized as one of the best managed state governments in the nation, from its A- rating in the 2005 Grading the States Government Performance Project to its AAA bond rating in the financial markets (a distinction that it has held longer than any other state). The Commonwealth retains this position because it does not remain static—the Governor and Legislature perpetually examine government activities in order to enact business-like reforms to increase performance efficiency and effectiveness. The PPEA procurement process is an example of this kind of business reform, one that leverages the creativity and innovation of the private sector to help accomplish public needs.

To contribute guidance to the case for continuous improvement, in 2003 the Commonwealth's Council on Virginia's Future articulated a vision for government management:

> *We have a responsibility to be the best-managed state in the country. To do so, we must have a focused vision, and a fiscally responsible system that provides clear, measurable objectives, outcomes and accountability, and that attracts, motivates, rewards and retains an outstanding state workforce.*[1]

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[1] *Interim Report of the Council on Virginia's Future.* Report Document No. 15, January 2005.

Virginia government is well managed because its employees are committed public servants—but their productivity is effectively taxed by insufficient processes and technologies to support the business enterprise.

This aspiration is shared by state governments nationwide, which recognize that cost savings and productivity gains are essential if they are to make any headway against chronic fiscal issues and improve service delivery to citizens. As industry has recognized, reengineering business practices and supporting technology by reducing duplication and increasing standardization is key to growing productivity.

However, our recently completed Due Diligence research indicates that there is a high price being paid for duplication, limited standardization, and inadequate technology support in resource management across state government.[2] As external recognitions illustrate, there is no doubt that Virginia state employees provide superior service—but the fragmented management of administration, processes, and infrastructure means that these effective operations come at a high cost. Virginia government is well managed because its employees are committed public servants—but their productivity is effectively taxed by redundant data entry, multiple reconciliations, dual corrections processes, and laborious effort to create management information reporting. Clearly, the opportunity exists to create enterprise-level functions that are productivity enhancers.

On June 30, 2004, 8% of Virginia's classified employees were eligible for unreduced retirement. If no one were to retire in the meantime, 21% would be eligible for unreduced retirement in 2009. After ten years, 36% would be eligible.

Other factors will increasingly affect the quality of Virginia government results. As in U.S. government at all levels, the aging workforce creates an impending institutional knowledge loss (and we learned in Due Diligence that some key functions are heavily reliant on the knowledge of single individuals with long careers behind them). Sarbanes-Oxley-style reporting requirements will be increasingly applied to government, and in a manual reporting environment, increased demands will strain the system. At the same time, convergence of cultural change and technology advances will continue to advance citizen and employee expectations for service and ease of conducting basic business functions.

In our view, substantial benefits can be derived from developing an enterprise applications architecture to support the financial management, human resource management, and other resource management processes that span the enterprise. The dozens of financial, budgeting, and human resource systems across state government are costly and inefficient—fostering multiple reconciliations, rework, and failure to share critical management information. Improving business processes and consolidating technology for better business management will allow better public policy development, enhance productivity and efficiency, save money, and generate significant new revenues.

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[2] During April-June 2005, a staff team from the Commonwealth of Virginia, IBM, and CGI-AMS designed, developed and executed a due diligence research process to gather information on 19 business functions in four business areas of the Commonwealth's Enterprise Business Architecture: administrative management, financial management, human resources management, and supply chain management, with the supporting function of application management. The team conducted a set of foundation interviews with key subject matter experts, administered electronic surveys to a sample of 46 agencies, and conducted a series of follow-up discussions with respondents. The team also used data generated by Commonwealth systems and research entities to validate survey information provided.

Improving business processes and consolidating technology for better business management will allow better public policy development, enhance productivity and efficiency, and save money.

An indicator that enterprise-oriented thinking is taking hold in Virginia is the Commonwealth's recently promulgated Enterprise Business Architecture (EBA). The Commonwealth is not alone in determining it needs an enterprise architecture to break down organizational silos, improve cross-organizational cooperation and enhance business integration. Since the early 1990s, innovative and forward-thinking corporations and governments have embarked on major process redesign and culture change initiatives to gain efficiencies and better results in financial management, human resource management, and other resource management processes throughout the enterprise. When we reviewed these functions in Due Diligence, we learned that the Commonwealth spends in excess of $300 million annually to maintain its current collection of applications, processes, and procedures for daily enterprise operations. With a spending base this large, there is tremendous opportunity to determine if reengineering and re-solutioning will produce more effective ways to get the job done.

By recognizing the need to evolve from a technology-driven IT strategy to a business-driven services delivery strategy, Virginia has aligned its priorities, objectives, and goals with the needs of its most important stakeholders—the citizens of the Commonwealth. The Enterprise Business Architecture reinforces the need to let business needs drive the deployment of technology and it suggests a number of areas that would yield the greatest returns to the Commonwealth.

To support the Commonwealth in advancing its enterprise and remaining the best managed state, CGI-AMS and its team of partners is pleased to propose the Virginia Enterprise Applications Architecture (VEAA) Initiative. The Initiative is a program to transform Commonwealth operations by reengineering and re-solutioning the enterprise applications architecture of the Commonwealth, thus supporting superior enterprise resource management and improved government performance.

We believe that there are sufficient untapped revenue sources such that this program can pay for itself over seven years and also provide Virginia with millions of dollars above the cost of the program.

To deliver on the enterprise promise, we have structured **Team CGI-AMS**: a team of firms with varied strengths and capabilities that share a deep interest in and commitment to modernizing administrative business practices and technology of Virginia government. The Team consists of CGI-AMS as prime contractor, with partners SiloSmashers, Maximus, and GC Services.

Exhibit 1-1   Team CGI-AMS

> **In partnership with the Commonwealth, our Team will deliver**
>
> ■ **Consolidated and modernized business processes and enterprise applications for the core administrative business functions of the Virginia government enterprise, designed to serve all agencies.**
>
> ■ **Enterprise Application Service Bureaus specific to each business area, which provide ongoing operational support for enterprise resource management activities.**
>
> ■ **An Application Management Center of Excellence to serve and manage the new enterprise applications that will replace existing legacy and silo-based applications.**

This program is well suited to a PPEA approach. The first and primary reason is the urgency of the need—the current inefficiencies cannot be sustained in the face of Virginia's productivity pressures. A standard RFP-based procurement approach would take significantly longer to initiate. Second, the partnership requires the private sector partner to bear significant financial risk, and a standard RFP approach would not allow the creative give and take in funding design that the partnership model promotes and requires. Third, the financial investment required to undertake and sustain this program is not readily available to the Commonwealth in the current fiscal environment. Finally, a partnership approach better accommodates a dynamic program—when new projects are identified that will produce savings or benefits that can help pay for the program, they can be easily added to the contract and implementation design. An RFP with limited and directive requirements does not easily accommodate the addition of new ideas.

1.1 VEAA Initiative Concept

The goal of the VEAA Initiative is to help the Commonwealth maintain its place as the best-managed state in the nation. Our solution is a long term partnership between the Commonwealth and Team CGI-AMS to complete the transformations required to reengineer and re-solution Commonwealth's enterprise applications and related business processes. Our approach for the Initiative is flexible and experience-driven, allowing us to propose terms and ideas that are appropriate to a complex environment while also providing the Commonwealth with the best value with the least amount of risk.

Exhibit 1-2   ***Virginia Enterprise Applications Architecture Initiative***
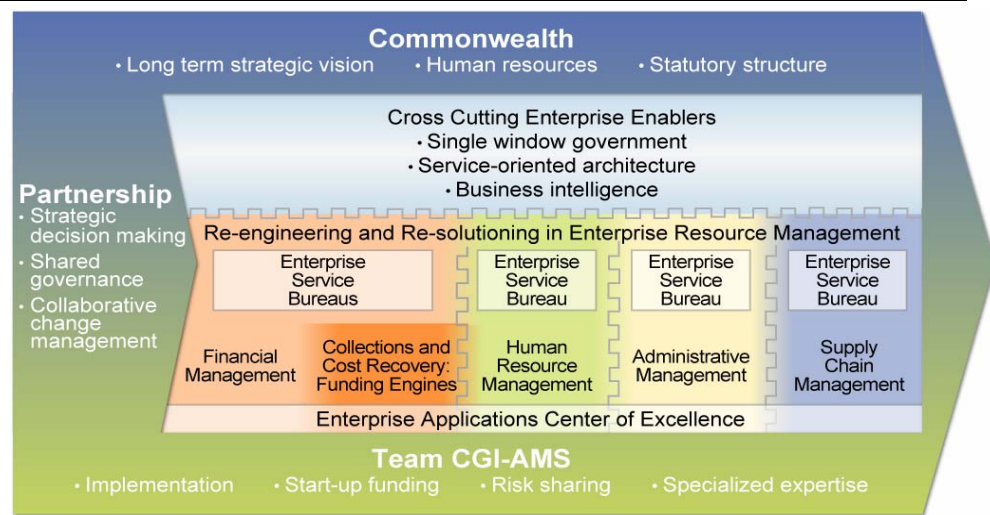
Our solution consists of four elements: reengineering and re-solutioning proposals, an innovative self-funding approach, a pragmatic reengineering and re-solutioning roadmap, and a flexible governance model that keeps the Initiative moving forward.

Our solution consists of four elements:

- **An innovative funding approach** that captures revenue owed to the Commonwealth, at levels sufficient to fund the VEAA initiative and contribute millions to the Commonwealth's General Fund during the life of the Initiative. This model will allow us to begin execution immediately by using Team CGI-AMS funding to launch the program, ultimately paid for by the revenue derived from managed services for collections and for cost recovery. As described below, these managed services will be delivered through Enterprise Service Bureaus.

  In this model, we do not place reliance on "traditional" headcount reductions to fund improvements, although we are fully confident that our solutions will create efficiencies and ultimately, cost savings over current spending levels. Because we base our business case on an innovative revenue enhancement strategy, the Commonwealth is not forced to use any created efficiencies to pay for the Initiative. It can choose to reallocate human and financial resources to other pressing priorities. We believe that savings are an important outcome, but we do not propose that savings are an appropriate mechanism to fund this Initiative.

- **Reengineering and re-solutioning proposals** in two areas. The first is the set of foundational application frameworks necessary to move Virginia from a costly, silo-based application environment to a more cost-effective virtual enterprise environment. The second is a set of recommendations for new solutions and Enterprise Service Bureaus in financial management, human resource management, administrative management, and supply chain management. All new solutions would be supported by an Enterprise Application Center of Excellence. These enterprise solutions and new service delivery models will leverage enterprise efficiencies while respecting the distributed authority of Commonwealth government.

- **A pragmatic Reengineering and Re-Solutioning Roadmap** that rapidly overlays key enterprise services and offers a staged transition to a true enterprise model. Embedded in this roadmap is our understanding of the current state of change readiness in the Commonwealth and our methods for managing change going forward.

- **A governance structure and process** that uses regular decision cycles to add projects to the implementation program into the future. This structure is designed for maximum Commonwealth participation, provides a true public-private partnership approach, and recognizes flexibility as a key ingredient for the life of the Initiative.

1.1.1 Innovative Funding Approach

This Initiative is self-funded: Through centralized collections and cost recovery service bureaus, enough revenue could be collected to pay for this Initiative over seven years—and offer the Commonwealth millions of dollars in revenues above the cost of the program.

We propose to fund the VEAA Initiative through a gain-sharing model. We are confident that there are revenues and collections to be recovered through a consolidated collections Service Bureau and a cost recovery Service Bureau sufficient to pay for this program over seven years—while offering the Commonwealth millions of dollars in revenues above the cost of the program. We estimate that there is $500 million in uncollected receivables and cost recovery opportunity. Our strategy is to make the initial investment to create and sustain the technology improvements and business services that will ultimately pay for the program. The Team is willing to bear this risk because we are confident that our solutions can generate revenues of this magnitude.

Exhibit 1-3   VEAA Initiative Uses Revenue Engines to Create Self Funding
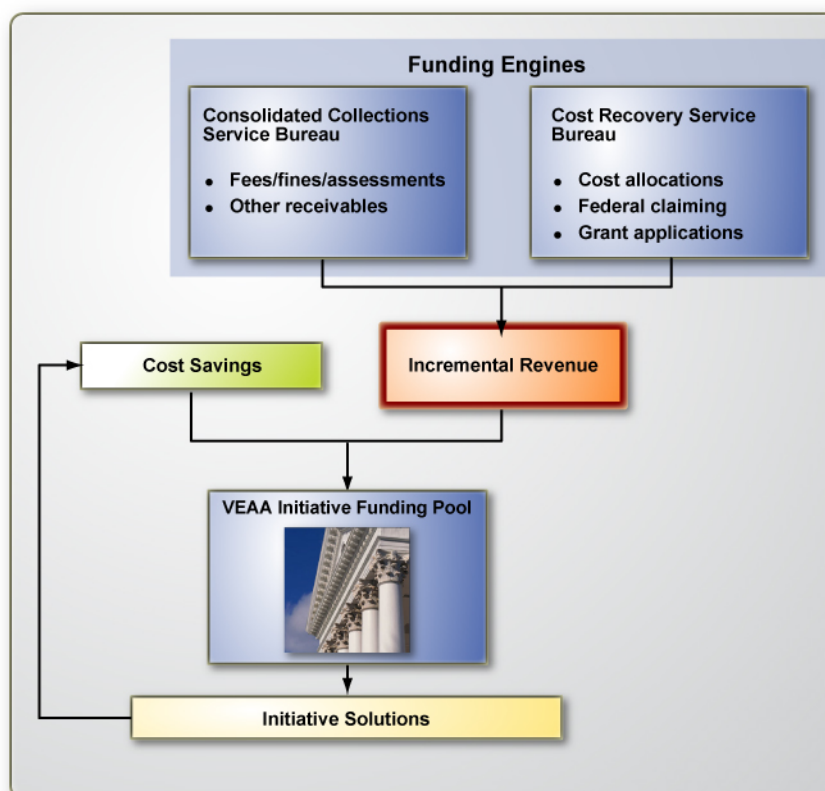
VA BMI 7-05 053b v02

Our financial plan is based on preliminary analysis of the Commonwealth's un-recovered and uncollected revenue and on our experience with innovative funding models that have been successful elsewhere. The Team has direct experience in benefits- and performance-based initiatives in California, Kansas, and New York City, as well as in the Commonwealth. We have matched metrics from similar enterprise resource management, collections, and cost recovery implementations against published Commonwealth data to help quantify benefits estimates, and we used third-party analysis to help us benchmark operational efficiencies we believe that the Initiative can gain.

For the actual benchmarking that the Initiative will require, we will use tested processes to baseline the steady state and measure incremental revenues gained. Our baselining and measurement methodology is familiar to the Commonwealth—the highly effective methods we used for these functions on the VA TAX Partnership Project will be part of the process we use on this Initiative.

We are not dependent upon savings in personnel costs to fund this project, and we do not believe that the cost of modernizing the Commonwealth's enterprise applications can or should be shouldered by the present employees.

Please note that we are fully confident that our solutions will create efficiencies and, ultimately, cost savings estimated at $125 million over seven years based on current spending levels. We believe that savings are an important outcome of the VEAA Initiative, but we do not propose that savings are an appropriate mechanism to fund it. We find that justifying funds outlay against the potential cost savings to be realized later to be a high risk approach in technology implementations, both for our firms and for our public sector partners. This is especially true when savings are projected on reduced effort by fractional percentages of staff, or on staff reductions generally. For this reason our proposal is not dependent upon savings in personnel costs for funding, and we do not believe that the cost of modernizing the Commonwealth's enterprise applications can or should be shouldered by the present employees.

Our proposal recognizes the importance of creating efficiencies—but it does not justify the full business case on that basis. Instead, it relies on generating over $500 million in real, new revenues for the Commonwealth, a portion of which can be used to fund this Initiative and the remainder of which can revert to the General Fund or any other disposition the Commonwealth wishes. In addition, as operational savings accrue, those can be directed as the Commonwealth sees fit.

These operational savings come from a set of initiatives that provide a range of measurable results as the projects are implemented. Our strategy is to provide a set of tools to create and measure savings, and to provide options for the Commonwealth to choose how to employ the savings as outcomes. For example, as the Commonwealth workforce ages and retires, a more efficient and better technology-supported set of business processes may allow the state to retain savings by not replacing exiting personnel—and still achieve consistently excellent government performance. Our strategy makes these types of decisions the Commonwealth's choice, not a necessity, in order to achieve the goals of the VEAA Initiative.

1.1.2 Reengineering and Re-solutioning in Enterprise Resource Management

To propose reengineering Commonwealth government from an enterprise perspective, we consider four areas to be critical. First, a set of foundational application frameworks are needed to facilitate the move from a costly, silo-based application environment to a more cost effective virtual enterprise environment. Second, new technology solutions in key resource management areas are needed to rationalize business processes, supporting applications, and the cost of supporting these functions. Third, a service bureau delivery model and centralized applications management will improve resource management by building common functions and technology once, to be used by agencies many times. Finally, in the face of chronic fiscal issues and service delivery demands that compete for limited funds, the Commonwealth must consider alternative funding models to find resources for business transformation efforts.

On this basis, we propose a slate of solutions and service models to transform government enterprise operations, aligning them with Virginia's vision of becoming the best run state. These solutions are shown in Exhibit 1-4 and described below.

Exhibit 1-4   VEAA Initiative: Elements to Build the Enterprise

Solution Area	Solution
Foundational Frameworks	▪ Business Intelligence tactical data repositories ▪ Enterprise Information Center of Excellence ▪ Service-Oriented Architecture deployment ▪ Single Window Government
New Solutions for Enterprise Business Architecture	
Financial Management	▪ Integrated financial management system ▪ Performance budgeting and management application ▪ Centralized Collections Enterprise Service Bureau ▪ Cost Recovery Enterprise Service Bureau
Human Resource Management	▪ Integrated human HR and payroll system ▪ integrated Human Resources Enterprise Service Bureau for HR transactions ▪ Single Window Government application for employee evaluation process
Supply Chain Management	▪ Standard technology platform for integrated materials management ▪ Procurement Enterprise Service Bureau for high volume purchasing and for more strategic sourcing initiatives ▪ eVA functionality enhancements
Administrative Management	▪ Total Asset Management for facilities management ▪ Fleet and Equipment Enterprise Management Service Bureau (with information system) ▪ Web-based Travel and Expense Reporting System
Applications Management	▪ Consolidated application management for new enterprise applications ▪ Applications Management Center of Excellence

Together, these elements will produce an operational architecture for Virginia government, shown in Exhibit 1-5 and described below.

***Exhibit 1-5   Concept of Operations of the Virginia Enterprise
Applications Architecture***
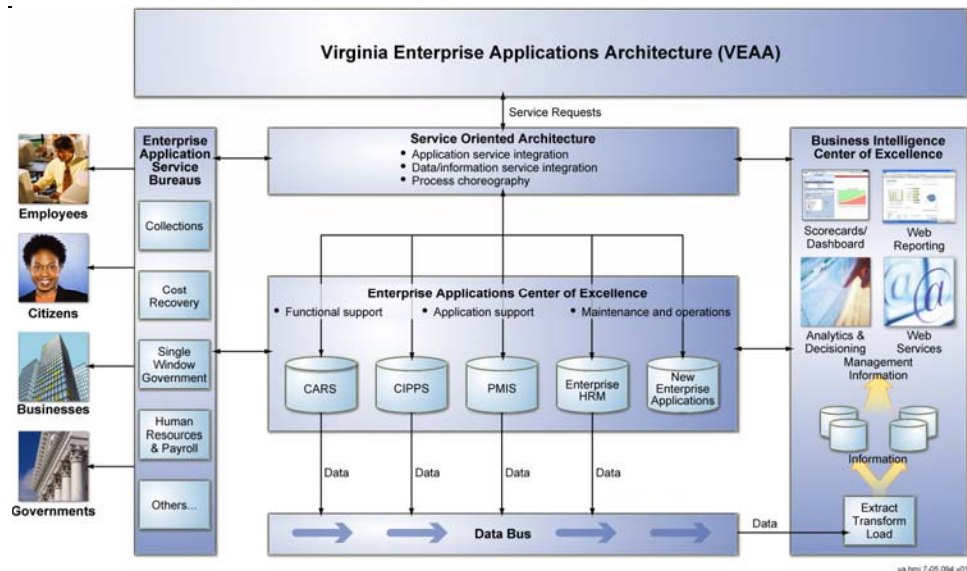
Foundational Frameworks. We propose foundational elements of our solution that are not confined to a single "tower" of government functions, but instead cut across functions and help to build the enterprise. In our experience, cross-cutting functions like architectures and data management tools tremendously enhance and facilitate any reengineering or re-solutioning that takes place.

We propose cross-cutting functions like architectures and data management tools to tremendously enhance and facilitate reengineering and re-solutioning.

▪ **Business Intelligence.** Our concept for business intelligence is to design and structure an enterprise approach to turning data into information for use by managers and planners throughout the enterprise. We propose to implement a business intelligence program with two key components. First is a series of tactical data repositories designed to meet the reporting needs of individual agencies, implemented in conjunction with specific enterprise resource management solutions. Second is an Enterprise Information Center of Excellence, which will include the data repositories necessary to aggregate information across multiple agencies. It will also establish the standards and best practices necessary for ongoing improvement in information management.

▪ **Service-Oriented Architecture.** We recommend that the Commonwealth move toward a service-oriented architecture (SOA) to facilitate its Enterprise Applications Architecture. Service-oriented architectures model the enterprise as a collection of reusable services that are available across the enterprise—well-defined, self-contained, and universally available business functions that respond to service requests from users. This architecture provides a toolset to quickly integrate legacy as well as new applications into an enterprise model, thus supporting heterogeneous environments and leveraging the useful life of legacy systems. Most of the enterprise-class applications available in the marketplace today offer web services that will quickly plug into the VEAA service-oriented architecture.

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- **Single Window Government**. We propose CGI's Single Window Government (SWG) tool as a means to establish an operational service delivery architecture and environment. The primary purpose of SWG is to consolidate the various "windows" of government such that the user is presented with a single window, enabling a view of and access to all services, irrespective of the access method. Single Window Government will initially take an inward facing approach and will start by offering a rapid deployment of self-help service for the employee evaluation process, expanding to other similar types of employee-based functionality.

  This approach will also install a very important building block to the foundation of the VEAA and will serve as the springboard for offering a wide array of service delivery improvements throughout the enterprise.

For key resource management areas, we propose new solutions, accompanying reengineering, Enterprise Service Bureaus, and a supporting Enterprise Applications Center of Excellence.

New Solutions in Enterprise Business Architecture. In key areas of Commonwealth resource management, we propose new solutions and accompanying reengineering, along with new Enterprise Service Bureaus and a supporting Enterprise Applications Center of Excellence. In most cases, our proposed solution is software-neutral; we intend to make the software selection in partnership with the Commonwealth. Our approach is intended to optimize business processes by providing technology that enhances productivity and information flow. For business functions that are not strategic in nature and are repetitive and high volume, Enterprise Service Bureaus offer cost-effective transaction processing and related services.

We observe that the biggest challenge in modernizing the enterprise applications of the Commonwealth is doing so without reducing the effectiveness of successful tools that individual agencies have developed. We know that no agency will accept a step backward, so we have designed a "do no harm" approach to any of the solutions that agencies have already developed. It may well be that the best approach for Virginia is one that allows multiple applications to coexist within a more coordinated framework. In our view, it is not necessary to reverse the structure of the entire enterprise and centralize the organization to accomplish these goals.

- **Financial Management**. In Financial Management, we address several solution areas. For the functions of **Accounting, Asset and Liability Management, Payments, and Reporting,** we propose the implementation of a modern, integrated financial system, based on commercially available software to be selected with the Commonwealth. Our approach will address the issues and problems identified by Commonwealth personnel, yet permit retaining elements of the existing environment that meet the state's objectives. We also recommend exploring the feasibility of a Finance and Accounting Enterprise Service Bureau that would provide services to smaller or less complex agencies and reduce their administrative burden.

  In **Budgeting and Finance**, we propose the implementation of a performance budgeting and management support application that will offer collaboration, workflow, integration, and analysis capabilities to support the Commonwealth's planned transition to performance-based budgeting. Again, this commercially available software would be selected with the Commonwealth.

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In the **Collections and Receivable** function, we propose new Enterprise Service Bureaus focused on collecting overdue receivables and maximizing the claiming of available federal revenues to help the Commonwealth secure all funds to which it is entitled. In particular, addressing these functions demonstrate the Commonwealth's authentic commitment to best management—these are areas in which we believe that dramatic improvement can be made and that can symbolize Virginia's investment in continuous improvement. Our proposed solutions are key to the Initiative's financial case (described below).

- **Human Resource Management.** In Human Resource Management, we observe that systemic weaknesses are shared across **Applicant Intake and Recruiting, Evaluation, Personnel Action Processing, Position Classification and Management, Payroll,** and **Time and Labor Distribution.** To offer improvements in these areas, we propose to first establish a single window government function for the evaluation process—thus responding to concerns voiced during Due Diligence and establishing a proof of concept for streamlined manager and employee self-service. Then we would implement an integrated HR and payroll system that will streamline human resources management transactions, reduce reliance on paper and duplicative activities, and provide cost savings and greater flexibility. Finally, we propose an integrated Human Resources Enterprise Service Bureau for HR and payroll transaction processing, again to reduce the administrative burden for agencies that wish to use the Bureau's services.

- **Supply Chain Management.** In this area, we propose that the Commonwealth build upon the success of current procurement reforms in order to enhance its **Goods and Service Acquisition** and **Inventory Management.** First, we recommend a standard platform for integrated materials management, replacing the confederation of current systems, interfaces and locally developed tools. Second, we propose to implement a Service Bureau to centralize procurement of commonly used, high-volume commodities and services. We will use this center to exploit additional strategic sourcing opportunities in areas not yet addressed in the first three waves of the strategic sourcing program Virginia Partners in Procurement. Third, we propose that eVA invoicing and matching enhancements not contemplated in the current contract be rolled into the VEAA Initiative in order to take advantage of the funding model that this Initiative will provide.

- **Administrative Management.** In Administrative Management, we address several solution areas. In **Facilities Management,** Team CGI-AMS recommends a new approach: Total Asset Management. Total Asset Management utilizes a shared enterprise-wide system for managing facilities construction, maintenance, and operations, as well as life cycle planning for facilities, preventive maintenance management, delivery order contracting, and warranty tracking.

  For **Fleet and Equipment Management,** we propose a service bureau-based fleet and equipment management information service to include a web-based fleet and equipment information system, a managed network of maintenance service providers, and Commonwealth-established standards for managing and maintaining fleet and equipment assets.

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For **Travel Management**, we propose an enterprise-wide, web-based Travel and Expense Reporting System that automates the currently manual processes of travel authorization, travel planning (reservation and booking), and reimbursement.

Applications Management. As we replace legacy systems or collections of disparate silo systems, Team CGI-AMS proposes to consolidate application management for new applications supporting the Financial, Human Resource, Administrative, and Supply Chain Management towers. We will serve and manage these applications from an Applications Management Center of Excellence that has both on-site and off-site locations. The onsite location delivers application management services that require direct communication with the client and end users. The offsite location delivers coding, unit testing, defect fixing, application changes, and documentation-related activities. This off-site location could be located anywhere in the Commonwealth, such as Southwest Virginia (creating economic opportunity in an underinvested area of the state). We also propose an option to transition current legacy application management to the Center.

All of our solution recommendations have a common theme: implementation of standard processes, policies and supporting information systems that promote more efficient and effective operations and better support the policy development processes—all without sacrificing the autonomy of agencies to determine how to best execute their missions to the Commonwealth's citizens. We are entirely confident that these solutions will ultimately create measurable cost efficiencies, greater effectiveness, and improved services throughout the Commonwealth.

1.1.3 Change Readiness and Change Management

Because the VEAA Initiative will have far-reaching effects on Commonwealth government, it is imperative that change management for people be fully addressed—and the Commonwealth's Statement of Work reflects that understanding. Right now in Virginia government, a powerful business case for change is being made. The Council on Virginia's Future has articulated a vision of becoming the best-managed state in the nation. Governor Mark Warner is strongly supportive of these proposals, as is his leadership team. Even gubernatorial candidates have publicly endorsed these transformation projects. And stakeholder and staff interest for change was evident in our Due Diligence research, through their reports of the issues, bottlenecks, overlaps, duplications, re-work, and double data entry that is part of their workflow.

Right now in Virginia government, a powerful business case for change is being made. We propose a business-centered change management program to foster continuous change adoption.

Although an impetus for change is present, as we are aware, all too often technology initiatives fail—but not because the technology or new organization and processes are flawed. Instead, failures occur because there is too little user involvement not only in the technology design decisions, but also in working in partnership with them to develop their skills, motivation, and confidence to work with the new systems and processes as they are implemented.

We have first-hand experience of the importance of change management in major reengineering initiatives in Virginia through our work with the VATAX Partnership project and eVA, the enterprise e-Procurement solution. We are equally prepared to respond to the change management challenge of the VEAA Initiative.

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Team CGI-AMS's proposes a pragmatic and business-centered change management program. Initial change readiness assessments will identify where initiative are most likely to work well from the start. This will be followed by designing a change management plan, implementing the plan, and institutionalizing it. Throughout this Initiative, we will build change leadership, engage stakeholders, and continuously partner with the Commonwealth in staff training, skill development, organization and process design, and continual communications.

As evidence that we recognize the criticality of change management, Team CGI-AMS will be led in this arena by SiloSmashers, a leading SWAM firm that has driven major changes in federal government operations and modernization.

1.1.4 Reengineering and Re-solutioning Roadmap

CGI-AMS believes that an iterative three-phase approach to the VEAA architecture will provide a solid foundation for future business process reengineering. Within the phased model of a requirements analysis phased followed by an implementation phase as requested by the Commonwealth, a phased approach allows the Commonwealth to continually measure the progress and success within a single phase, as well as measure the quality and success of the entire project. Exhibit 1-6 illustrates the phases described below.

Exhibit 1-6   Three-Phase Approach Delivers Measurable Results
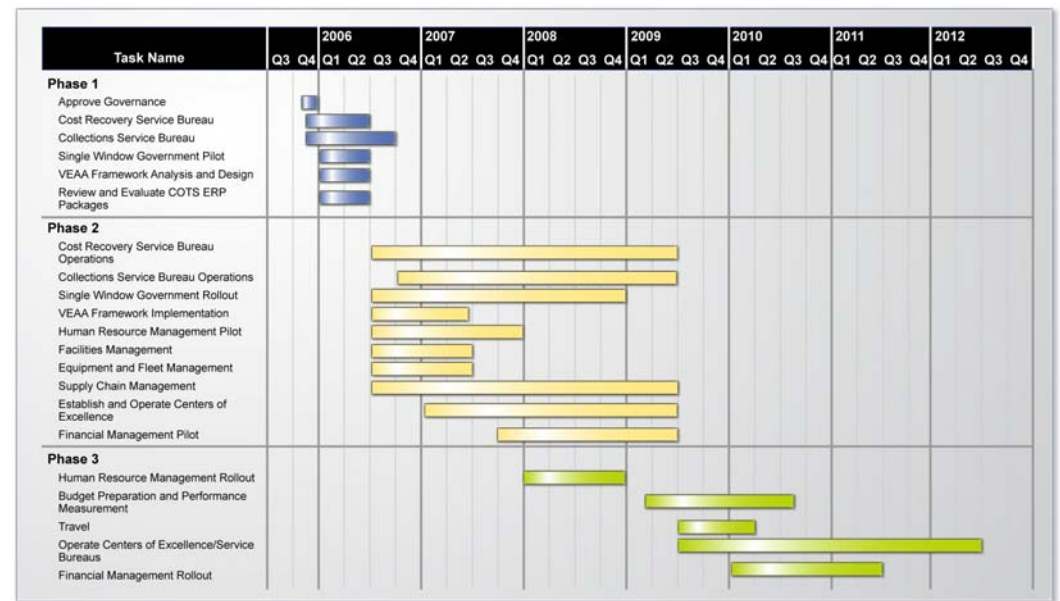
Phase 1:   Organize, Generate Revenue, Prove Value. The proposed initial phase will include the creation of the governance structure, the project management office including project execution methodologies, launch of revenue-producing projects, launch of the Single Window Government tool, and the analysis and design of foundational frameworks (service-oriented architecture and business intelligence architecture). This phase will deliver the quick wins that

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are essential to prove the value of the enterprise perspective as well as generate additional revenue to fund the VEAA Initiative.

Phase 2: **Pilot, Prove Solutions, Gain Acceptance.** The proposed second phase will include the execution of initial pilot projects that address high priority business process improvement needs and prove that these solutions are enterprise capable. This phase will also launch the service-oriented architecture and business intelligence architecture, expand the Single Window Government solution, and establish the Enterprise Applications Center of Excellence

Phase 3: **Rollout, Achieve Enterprise Vision.** The proposed third phase will include the rollout of successful pilot projects to additional departments and the execution of new project pilots. At the end of Phase 3, Virginia will have a fully operational enterprise applications architecture.

1.2 The VEAA Initiative Partnership

Delivery of this program will be accomplished through the creation of a public-private partnership (under the PPEA) between the Commonwealth of Virginia and Team CGI-AMS, an alliance of private sector firms that collectively will deliver the products and services for reengineering and re-solutioning Virginia's enterprise applications architecture. Our proposal is grounded in the belief that the Commonwealth and Team CGI-AMS will work collaboratively to structure solutions that achieve maximum efficiency and results. We believe that there is great value in this collaborative approach—in this way, the public-private partnership will structure the best, most practical solutions and create real opportunities for Commonwealth staff ownership of the Initiative and its successes.

The Team consists of CGI-AMS as prime contractor, with partners SiloSmashers, Maximus, and GC Services.

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Exhibit 1-7   Team CGI-AMS

1.2.1 Team CGI-AMS

To create and deliver sweeping change, an initiative like this demands a team capable of delivering systems integration, business process reengineering with the attendant organizational development and change management, specific service capabilities, and industrial strength program management. This set of capabilities and knowledge is best offered to the Commonwealth through a team of premier firms that collectively have the demonstrated experience and capabilities to succeed. Team CGI-AMS is an assembly of companies that bring particular strengths and capabilities, but share a deep interest in and commitment to the modernization of technology and administrative business practices of Virginia government. All of our Team members are Virginia-based: our team has a real stake in the improved performance of our home state.

CGI-AMS will serve as the leader of the Team, with each additional member committing to exclusive teaming agreements to work on this Initiative. We strongly believe that our collective experience is an essential element to the success of our partnership with the Commonwealth.

As prime contractor, **CGI-AMS** will bring partnership management, robust program management, and systems integration. CGI-AMS is a Virginia-based firm with a long history of excellent service to the Commonwealth. Since 2004, it is the wholly owned U.S. subsidiary of CGI Group Inc., the fifth largest independent IT services firm in North America and the eighth largest in the world. CGI is differentiated from competitors by our flexible delivery approach, rooted in ISO-9001 frameworks and adaptable to our client's way of doing

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business. CGI's financial strength is demonstrated by over 29 years of continued profitability and solid business performance. As CGI-AMS in the United States, we are a full service IT and managed services provider with deep government expertise and innovative service models that help our clients achieve their business goals. Our track record of 375 government customers and three decades of delivering public sector solutions speaks to our delivery excellence and the committed partnerships we form.

CGI-AMS has a proud record of successful engagements in Virginia government for the last 18 years and is the only IT consulting firm to have engaged in large scale, successful, public-private partnerships with the Commonwealth. Two of CGI-AMS's premier and award-winning transformation projects are in Virginia: the eProcurement project eVA and the VATAX Partnership Project. These projects apply the same principles of transforming the enterprise that we propose for the VEAA Initiative. We have a demonstrated history of results in Virginia and in many other states, because we have a deep understanding of the business practices and supporting technology that enable better government performance.

Established in 1992, **SiloSmashers** is a small woman- and Native American-owned Virginia-based company dedicated to providing management and technology consulting services in a collaborative manner. With extensive federal government project management and business transformation experience handling large scale projects across multiple agencies, the firm has more experience than any other contractor in program management and transformation efforts for e-Government initiatives at the federal level. Current initiatives include the Federal Government's Integrated Acquisition Enterprise System (reducing 48 systems to 1) and e-Travel (reducing 35 systems to 1).

Founded in 1975, **MAXIMUS, Inc**. is Virginia-based and with 5,500 employees, is the largest firm in the nation devoted to providing services exclusively to government agencies. MAXIMUS provides governments with a wealth of talent and experience operating health and human services programs. Of particular relevance to this Initiative, MAXIMUS has conducted cost recovery projects in 25 states, and has performed revenue-related projects in 47 states altogether—producing well over $1 billion in federal funding for government agency clients.

Since 1957, **GC Services** has been increasing revenue and resolving cases/accounts for government agencies. It manages more than $30 billion in government receivables each year, including some of the largest government accounts ever assigned to the private sector. Its extensive history and industry expertise enables its public-sector partners to respond to the tremendous pressure to improve financial and operational efficiencies, while providing excellent customer service—all within a stringent regulatory environment.

As demonstrated by the composition of our primary team, we have a strong commitment to employ small, women-owned, and minority (SWAM) firms on the VEAA Initiative. We anticipate using even more Virginia-based SWAM businesses as subcontractors through the seven-year life of the program. CGI-AMS has teaming agreements with Virginia SWAMs under the VITA Advanced IT Resources Contracts and we plan to leverage these SWAM business partners to assist us in delivering this Initiative to the Commonwealth.

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1.2.2 Organization and Governance Model

In a public-private partnership like this one, each partner brings essential assets and commitments.

Team CGI-AMS is the private sector implementation partner, bringing the resources and willingness to invest its own funds and bearing the initial financial risk to start the program. We bring our experience gained from hundreds of project implementations that have improved the way government works. We also bring our commitment: we are willing to bring these assets to bear because we believe in the viability of this Initiative. The Commonwealth is the public partner that brings its long-term strategic vision to guide the work, its human resources to participate and ultimately own the modern enterprise, and its commitment to embrace modernization in both business processes and technology use.

We believe that our governance model will foster the kind of partnership behavior and commitments that an ambitious project like this demands. Our proposal relies on a risk and reward-sharing partnership, and our conceptual management approach deeply integrates the values of partnership and shared management. Modeled after other public-private partnerships in which Team members have successfully participated, the organizational structure for the Initiative embodies joint oversight and decision-making through a governing board, program management, and interrelated project management (see Exhibit 1-8). It is designed to foster a true public-private partnership.

Exhibit 1-8   The VEAA Initiative Governance Organization Focuses on Partnership

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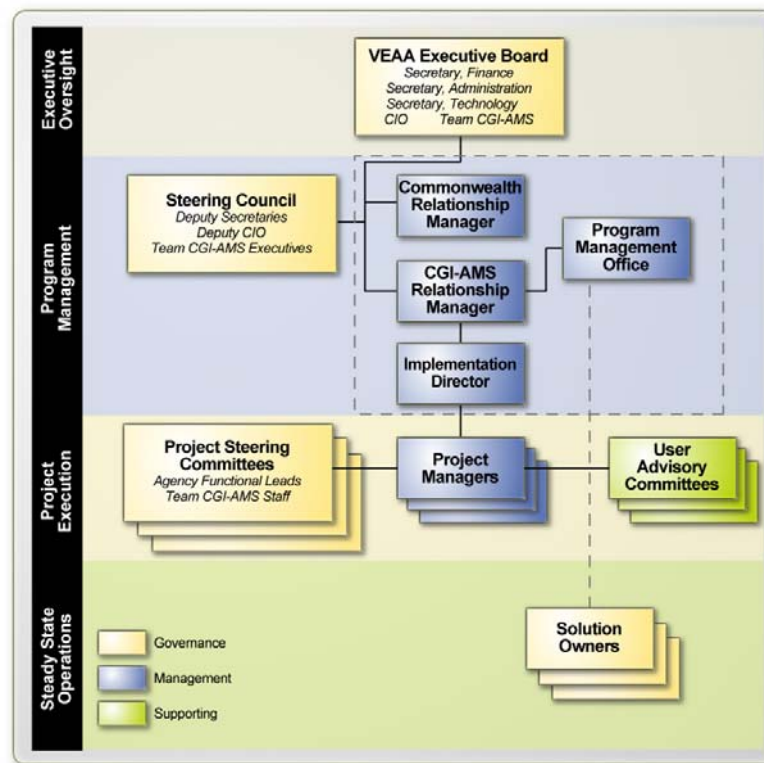
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Organization. Both the Commonwealth and the Team contribute resources to a management team and to the project teams that will execute the VEAA Initiative. Team CGI-AMS considers this Initiative so strategic that we will bring our A-team to the table, at all levels.

At the executive level, we propose an Executive Board to be the sponsor and principal stakeholder of the VEAA Initiative. It will establish and refine the VEAA vision throughout its life, provide overall policy guidance and strategic direction to the entire VEAA Initiative, provide broad oversight and support, and see that the Initiative meets its goals and objectives. Because of the level of partner financial commitment and the strategic nature of this engagement for our business, we propose that the Executive Board have seats for the President of CGI-AMS and another CGI-AMS senior executive.

A Team CGI-AMS Relationship Manager has daily responsibility for the entire Initiative. We are proud to name Paul Doty as our CGI-AMS Relationship Manager. With more than 27 years of experience in government technology, Mr. Doty is knowledgeable of the Commonwealth, its businesses, functions, business practices, and IT systems. As a proven and recognized leader in the government and technology arenas, he has successfully introduced numerous innovations to government service delivery process and offers an experienced, first-hand view of both public and private sectors. Mr. Doty will have full authority and accountability for project results and will have the full backing and resources of CGI.

The Team CGI-AMS Relationship Manager is supported by an Implementation Director who has oversight of the many projects that compose the overall program. A Commonwealth Relationship Manager will govern projects to meet Commonwealth standards, facilitate state staff involvement, and manage the contract. Project teams may be composed of a mix of Commonwealth and Team CGI-AMS staff.

With both strategic guidance and strong daily governance, our governance process will enlist the support and participation of all levels of affected organizations—improving the chances of success for every project.

Governance Processes. As shown in Exhibit 1-8, the integrated management approach emphasizes both strategic guidance and strong daily governance. Our proposed governance process will embrace all levels of the affected organizations to enlist their input and participation, to improve the chances of success for every project we agree to undertake. This agency level involvement will commence at the very beginning of each business case that we prepare for consideration and will continue through the remaining lifecycle of the project.

In a program that will add projects over time, an iterative decision model is critical—so that the Initiative can add projects that are desirable and fully supported by a business case. This model will be flexible yet rigorous—ultimately defining what the Commonwealth will get, how much it will cost, why it is needed and how it will be funded. Each of these mandates will be fully addressed in the individual business cases used to support the initiation of every project.

In our experience, even the best laid plans don't always anticipate all of the circumstances that may be encountered—and flexibility to accommodate new conditions is critical to the partnership way of doing business. Flexibility and willingness to make changes, even to contract provisions, can often make the difference between success and failure on a project. We will work closely with

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the Commonwealth to see that this flexibility exists in spirit and in the agreements governing this Initiative.

1.3 Summary

Our Due Diligence research and CGI-AMS's years of partnership with the Commonwealth have allowed us to observe some defining characteristics of Virginia state government. For example, the Commonwealth's decentralized model has promoted individual agency problem-solving—because agencies stand on their own, each independently addresses its needs. In this environment of independence and self reliance, line level staff members feel a strong sense of empowered ownership in their own systems and processes. We observe that it takes more than a simple pronouncement to get things done: it requires that the solution be presented in terms that resonate with line staff and help them better understand how a project will affect their daily work.

Understanding this tradition is a key part of our proposed approach to bringing higher degrees of automation and process reengineering to bear on the operational challenges of the enterprise. For example, we understand that success is dependent on the involvement and commitment of line level staff—the people who have devised effective workarounds for weak systems and process support. Our approach to each project will carefully examine how to involve the staff doing the work and to help them build a sense of ownership, as we take our projects through their respective lifecycles.

We believe that Team CGI-AMS can accommodate the Virginia environment better than any other firm can. Not only are we more cognizant of the Virginia environment than other firms, we maintain a constant vigilance on the government market and can offer our clients broad and far reaching insights into how other governmental entities are addressing their mandates.

No other vendor can offer the depth of experience in partnering with the Commonwealth and the array of services that our Team proposes, along with the insight and experience required to identify and secure the funding to pay for the entire project with new direct revenue dollars. There are many companies doing business with government, especially at the state and local levels. Few however, are doing business as true partners of government—to the extent that they are willing to guarantee that the measurable benefits they can generate will be the source of funding their work.

In Virginia alone, CGI-AMS has repeatedly stepped up and proven that our solutions do, in fact, generate hard and measurable dollar benefits to the Commonwealth, and in every case those benefits have substantially exceeded the cost of our services. We alone have delivered over $400 million in funding for the Commonwealth. No other vendor can match that performance—and we are prepared to do it again. The Commonwealth has given CGI-AMS challenges before—and has reaped significant benefits as a result. Once again the challenge has been identified and Team CGI-AMS stands ready, willing, and able to respond. We welcome the opportunity to prove our value as a trusted partner to the Commonwealth and together we believe we can continue to help Virginia lead the way for others to follow.

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1.4 Proposal Guide

As the third proposal in a series on this topic from CGI-AMS and its partner firms, this detailed document represents the understanding we gained during a detailed Due Diligence research phase and our proposed solutions for better enterprise resource management. The remaining chapters respond to the relevant guidance given by the Proposal Preparation Statement of Work, the Detailed Proposal Rules, the draft Comprehensive Master Services Agreement, the VITA Instructions to Proposers (June 2004), the Commonwealth Procedures for PPEA (December 2002), and the PPEA of 2002. The chapters are structured as shown in Exhibit 1-9.

Exhibit 1-9   Proposal Contents

Chapter/Appendix		Contents
2	Corporate Qualifications	Provides information on the composition of Team CGI-AMS and the qualifications of its member firms.
3	Financial Management	Describes due diligence observations and our proposed solution for financial management business functions: • Financial and Operational Accounting • Collections • Cost Recovery • Budgeting
4	Human Resource Management	Describes due diligence observations and our proposed solution for HR management across all business functions.
5	Administrative Management	Describes due diligence observations and our proposed solution for administrative management business functions: • Facilities Management • Fleet and Equipment Management • Travel Management
6	Supply Chain Management	Describes due diligence observations and our proposed solution for supply chain management business functions, including goods and services procurement and inventory management.
7	Application Management	Describes due diligence observations and our proposed model for applications management in the future through an Applications Management Center of Excellence.
8	Cross-cutting Enterprise Enablers	Describes due diligence observations and our proposed cross-cutting solutions to enhance and facilitate reengineering or re-solutioning in the key management areas: • Business Intelligence • Service-Oriented Architecture • Single Window Government
9	Implementation Plan	Describes our reengineering and re-solutioning approach in four areas: • An Implementation Roadmap for modernizing the Commonwealth's enterprise applications architecture • A proposed Initiative governance model • Powerful, tested methodologies to bring excellent planning into on-the-ground project operations • Our change management for people plan for managing how the Initiative will affect Commonwealth employees.

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Chapter/Appendix		Contents
10	Financial Proposal	Describes our funding approach, based on generating incremental real dollars to fund enterprise-wide re-engineering and re-solutioning, in the following areas: ▪ Methodologies to establish metrics and cost estimates ▪ Profiles for each proposed solution in terms of incremental revenue, cost savings ▪ Global and solution-specific assumptions.
A	As-Is Cost Analysis	Provides analysis of due diligence data by tower to illustrate the potential costs of the as is state now and maintained status quo over seven years.
B	Process Decompositions	Provides process decompositions for each business function in the four Enterprise Business Architecture areas.
C	Comprehensive Master Services Agreement and Required Schedules	Presents schedules 2.2, 4.3, 6.1, 8.1, and 25.84, as required by the *EA Comprehensive Master Services Agreement.* Also included is a new schedule 8.0.
D	SAS 70 Type II Report	Provides an example of a recent SAS 70 Type II Report
E	Economic Impact Report	Provides a preliminary economic impact study on the benefits and impacts of the VEAA Initiative.
F	Resumes	Provides resumes for our proposed key staff and representative staff.

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